

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 109

February 24, 2011

SUMMARY OF BILL: Requires cities in which a special school district is located and whose boundaries are coterminous with the city's boundaries to maintain city funding for regular K-12 education in accordance with the BEP maintenance of effort (MOE) law. Prohibits these cities from supplanting their portion of funding for regular K-12 education with state BEP money. Incorporates the use of an inflationary factor known as the government price deflator (GPD) into the calculation of these districts' MOE tests.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures - \$7,118,800*

Assumptions:

- The Memphis City school district will be the only district impacted by the provisions of the bill.
- Currently, the GPD is incorporated into the overall BEP formula but is not used to determine the individual local education agency (LEA) required match rate for their MOE test.
- The GPD is issued by the University of Tennessee's Center for Business and Economic Research and is currently 1.68 percent.
- According to the state Department of Education, the local portion of the BEP provided by the Memphis City school district is \$423,739,100. Using the GPD inflation rate of 1.68 percent, local expenditures will increase by \$7,118,817 ($\$423,739,100 \times 1.68\%$).
- The MOE for other LEAs will be unchanged.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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